

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 L-03 EB-07 TRSE-00 COME-00 /021 W

-----270404Z 056548 /23

R 261419Z MAY 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1379

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E.O. 11652: N/A

TAGS: EINV, NI

SUBJECT: AMERICAN INTERNATIONAL INSURANCE CO. (AIIC)

REF: STATE 116645

1. EMBASSY BELIEVES THERE IS VIRTUALLY NO CHANCE OF FMG REVERSING ITS STATED INTENTION TO ACQUIRE ADDITIONAL 11 PERCENT EQUITY IN AIIC, ALTHOUGH THERE MAY BE SOME SLIPPAGE IN JUNE 30 DEADLINE BECAUSE OF OF PAPERWORK DELAYS. FMG DECISION IS CONSISTENT WITH ITS INDIGENIZATION POLICY. FMG ACQUIRING ADDITIONAL FOREIGN INSURANCE COMPANY EQUITY IS IDENTICAL WITH FMG ACQUISITION 60 PERCENT EQUITY OF FOREIGN OWNED BANKS IN 1976; OUTCOME CURRENT FMG/INSURANCE COMPANY NEGOTIATIONS PROBABLY WILL BE SAME.

2. ALSO NOT LIKELY THAT FMG WILL AGREE TO GREATER DIRECT COMPENSATION THAN GIVEN LAST YEAR, I.E. PAR VALUE OF NAIRA 2 PER SHARE. HOWEVER THERE IS REASONABLE CHANCE FOR ADDITIONAL INDIRECT COMPENSATION IN FORM OF TEN YEAR TECHNICAL SERVICES AGREEMENT WHICH WOULD GAIN AIIC 5 PERCENT OF GROSS REVENUES NET OF TAXES AND CERTAIN EXPENSES INCURRED. AIIC BOARD DURING MEETING OF MARCH 31 APPROVED AGREEMENT, ALTHOUGH BOARD CHAIRMAN AKINDOLIRE SO FAR HAS REFUSED TO SIGN MINUTES. FYI: MINISTRY OF TRADE PREVIOUSLY HAD TOLD AIIC THAT IT IN PRINCIPLE WOULD ABIDE BY THE BOARD'S DECISION. END FYI.

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POTENTIAL PROBLEM WITH TECHNICAL SERVICES AGREEMENT IS THAT PROPOSED 10 YEAR DURATION RUNS COUNTER TO FMG POLICY AGAINST LONG TERM SERVICES CONTRACTS. AGREEMENT MUST BE APPROVED BY MINISTRY OF FINANCE. STILL, SINCE NIGERIAN AIIC BOARD MEMBERS WHO WERE NOMINATED BY THE FMG, VOTED FOR AGREEMENT AND SINCE CHAIRMAN'S AKINDOLIRE'S OPPOSITION MAY BE MORE OUT OF PERSONAL PIQUE THAN POLICY REASONS, THERE IS SOME HOPE

THAT MINISTRY OF FINANCE WILL APPROVE THE CONTRACT.

3. EMBOFF DISCUSSED WITH LOCAL AIIC REP LEFEVRE POSSIBLE DEMARCHE SUPPORTING TECHNICAL SERVICES AGREEMENT. LEFEVRE SAID SUCH A DEMARCHE WOULD BE HELPFUL AT PROPER TIME, BUT THAT HE DID NOT INTEND TO REQUEST MINISTRY OF FINANCE APPROVAL UNTIL HE HAD RESOLVED CERTAIN INTERNAL PROBLEMS, E.G., AKINDOLIRE'S SIGNING THE MINUTES. THUS APPLICATION MAY NOT BE SUBMITTED FOR WEEKS OR POSSIBLY MONTHS. NEVERTHELESS, LEFEVRE SAID HE WAS SUBJECT TO HOME OFFICE DIRECTIVES WHICH COULD CHANGE TIMING OF APPLICATION AND THUS ALSO DEMARCHE.

4. EMBASSY JUDGES CLIMATE FAVORABLE FORSDEMARCHE MADE ON ABOVE LINES.  
EASUM

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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